

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES)	
OF CONTINENTAL TELEPHONE)	CASE NO. 9011
COMPANY OF KENTUCKY)	

O R D E R

IT IS ORDERED that Continental Telephone Company of Kentucky ("Continental") shall file an original and 10 copies of the following information with the Commission by June 13, 1984. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. If neither

the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. In Oberdorfer Schedule 1 of the Exhibits in Support of An Increase in Rates ("Exhibits") the following accounts indicate substantial increases over the test period average for the months indicated. Provide a narrative explanation for the difference and indicate if these are recurring expenses at that level and if so explain why.

<u>Acct. No.</u>	<u>Description</u>	<u>Month</u>	<u>Amount</u>	<u>Test Period Average</u>	<u>Percentage Increase Over Test Period</u>
662.2	Revenue Accounting	December	\$120,822	\$62,831	92%
671	Operating Rents	December	93,289	31,842	193
674	General Services & Licenses	July	132,374	69,345	91

2. Oberdorfer Schedule 2, Item 1 in the Exhibits lists Telephone Plant In Service for intrastate operations as \$90,036,142. In response to the Commission's Data Request dated March 23, 1984 ("Initial Request") Item 11A states a February 1984 intrastate balance of \$89,780,630, a difference of \$255,512. Reconcile this difference.

3. Oberdorfer Schedule 2, Item 1 of the Exhibits lists Depreciation Reserve of \$23,576,733. Item 11f of the Initial Request states a February 1984 balance of \$23,412,554. Reconcile this difference.

4. Provide the specific location of all information used from the previous rate case to develop the pro forma adjustments in the current rate case.

5. Provide the "Report of Message Toll and WATS Data" and the "Intercity Message and Revenue Report" referenced in the Initial Request, Item 16, Oberdorfer Schedule 3, Item 14, Schedule of Official Toll.

6. In calculating the access charge revenues, how did Continental determine that actual usage during the test period ended December 31, 1983, was representative of expected future on going operations? How does this usage compare with actual usage for each of the previous 3 years?

7. In the calculation to reflect Centralized Message Distribution System (CMDS) expense, on what was the estimated and projected growth in CMDS messages of 8 percent based?

8. Provide well labelled work papers showing the calculation of the proposed total adjusted gross payroll of \$7,113,206. Break the calculation down to show management and non-management wages.

9. In determining the revenues to be derived from an intrastate access charge arrangement for billing and collecting, how was the number of bills determined? On what has Continental relied to determine that this level is indicative of future on-going levels?

10. A. Attached is a copy of an exhibit filed in Case No. 8838 showing a revised projection of intrastate toll revenues based on 5.24 cents per minute interlata carrier common line

charge. Under the interim plan in Case No. 8838 the carrier common line charge is 6.5 cents per minute which should increase the revised projection. Please submit a similar schedule using the carrier common line charge of 6.5 cents.

B. Reconcile with the attached projection provided in Case No. 8838 and the revised projection requested herein with the adjusted level of intrastate toll revenue as proposed in this general rate case, Case No. 9011. Describe all differences.

Issue: The appropriate cost of long-term debt

11. Explain how the 12.00 percent cost rates for the 1984 debt additions, shown in schedule 4, item 2, page 2 of 3, of Mr. Oberdorfer's exhibits, were developed.

12. Explain why the \$1,500,000 Federal Financing Bank Note series 13.749 percent, shown in item 2A, page 2, of the Staff request dated 3/23/84, does not correspond to any Federal Finance Bank Note on schedule 4, item 2, page 2 of 3, of Mr. Oberdorfer's exhibits.

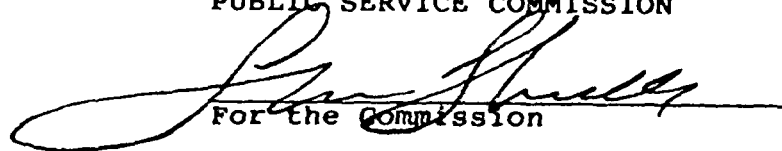
Issue: The appropriate capital structure

13. Explain why the total amount of test year capital shown in item 1, page 2 of 10, of the Staff request dated 3/23/84, is incorrect.

14. Reconcile the long-term debt amount shown in schedule 4, item 2, page 1, of Mr. Oberdorfer's exhibits, with the test year long-term debt amount shown in item 1, page 2 of 10, of the Staff request dated 3/23/84.

Done at Frankfort, Kentucky, this 1st day of June, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

Revised Exhibit 1

CONTINENTAL TELEPHONE COMPANY OF KENTUCKY
Impact of SCB's plan using 5/18 N.E.C.A. rates
1984

<u>Element</u>	<u>InterLATA Revenues</u>	<u>IntraLATA Revenues</u>	<u>Total</u>
Carrier Common Line	\$ 737,911	\$2,957,432	\$3,695,343
Traffic Sensitive			
Local Switching	\$ 138,006	\$ 628,695	\$ 766,701
Line Termination	111,250	506,805	618,055
Transport	95,753	436,207	531,960
Intercept	1,366	6,223	7,589
Total Traffic Sensitive	\$ 346,375	\$1,577,930	\$1,924,305
Billing and Collection	-		
Recording	\$ 36,551	\$ 120,643	\$ 157,194
Message Processing	76,122	346,778	422,900
Message Inquiry	60,867	277,283	338,150
Bill Rendering	31,533	110,138	141,671
Total Billing	\$ 205,073	\$ 854,842	\$1,059,915
Non-Access	\$ 424,862	\$1,640,616	\$2,065,478
Total Revenue	\$1,714,221	\$7,030,820	\$8,745,041
Intrastate Business as Usual			
Revenue requirement 10.86% R.O.R.			\$7,995,000
Difference			\$ 750,041